

Informational Sheet

Reimbursable Employers and Private Experience Rated Employers

ECONOMIC AFFAIRS IC
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EXHIBIT 5

Reimbursable Employer:

Certain nonprofit organizations, state and local government and federally recognized Indian tribes have a choice on how they pay for unemployment benefits. Once a choice is made it must be in effect for a period of no less than 2 years.

Payments are made to eligible claimants from the UI Trust Fund.

Reimbursable employers are billed and pay into the UI Trust Fund an amount equal to the benefits charged to their account.

Reimbursable employers do not share in the cost of noncharged benefits.

Reimbursable employers are not assigned a contribution rate and do not pay contributions on wages – they only pay for actual costs incurred in their accounts.

Only time reimbursable employers are not charged for regular benefits attributable to their account is if the employer continues to employ the worker without reducing their hours or wages.

Private Experience Rated Employer:

Private, for profit, employers do not have a choice on how they pay for unemployment benefits and are referred to as experience rated. Non-profit and federally recognized Indian tribes can choose to be experience rated.

Payments are made to eligible claimants from the UI Trust Fund.

Experience rated employers pay UI contributions at a rate based on the rate schedule in effect and where their account experience record (contributions paid – benefits charged/average taxable wages) falls as compared with other employers.

Rates schedules are set in statute and rates are recomputed each calendar year.

Schedules of rates can increase or decrease from year to year based on the trust fund reserve.

Experience rated employers share in payment of noncharged benefits when a higher rate schedule results due to a lower Trust Fund balance.

Impact of Non Charged Benefits:

Reimbursable Employers – reimbursable accounts do not pay for any portion of charges that are noncharged.

Experience Rated Employers – experience rated employers pay for these charges through increased/decreased rate schedules based on the trust fund reserve ratio.